

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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www.hud.gov/local/shared/working/r3/mfhsg.cfm?state=pa

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High



Fraud Brochure

HUD's Office of Inspector General has issued a document "Things You Should Know" **HUD-1140-OIG**

dated November 2004 which informs tenants about certain information which must be provided when applying for assisted housing and penalties that apply for knowingly omitting information or giving false information.

The brochure covers the following important topics: penalties for committing fraud, income and asset information needed at initial application, understanding what you sign, annual recertifications, fraud schemes, and reporting abuse (i.e., falsified applications).

The document can be found at: http://hudclips.org/sub_nonhud/cgi/pdfforms/hud1140o.pdf.



Theft of Rental Payments

Sandra Pullet and Janine Coleman, two former employees of Overmont House, a Section 236 project located in Philadelphia, PA, have been convicted in the Court of Common Pleas for violation of the PA Penal Law, Theft By Unlawful Taking or Disposition and Criminal Conspiracy.



As a result of these convictions, for theft of Section 8 rental payments, both individuals have been suspended from participation in procurement and non-procurement transactions as a principal or principal with HUD and throughout the Executive Branch of the Federal Government. Debarment actions are pending.

NAHMA Award



Congratulations to Walter Kreher, Director Newark Program Center, who was the recipient of the first NAHMA (National Affordable Housing Management Association) Industry Partner Award.

Mr. Kreher was nominated by the New Jersey Affordable Housing Management Association because his office was "instrumental in furthering the cause of excellent affordable housing and maintaining its high standards in the industry."

The award was presented at the First Annual NAHMA Industry Awards Ceremony that took place on March 7, 2005 in Washington, DC.

SuperNOFA

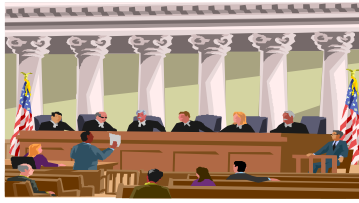
The SuperNOFA was published in the Federal Register, Vol 70, No. 53, on March 21, 2005. It can be accessed at: www.hud.gov/offices/adm/grants/fundsavail.cfm.



Funding is being provided in the following amounts for the Philadelphia Multifamily Hub: Section 202- \$48 million; Section 811- \$8 million; and Assisted Living Conversions- \$3 million.

Negligent Representations

The PA Supreme Court in a January 19, 2005 decision, *Bilt-Rite Contractors, Inc. v. The Architectural Studio* (2005 WL 120794 PA), changed the law in PA to recognize the right of a building contractor to sue an architect for negligent misrepresentations in the architect's plans and specs for a publicly-funded construction contract.



Specifically, in this case, the East Penn School District contracted with The Architectural Studio (TAS) for architectural services for the design and construction of a new school in Lower Macungie Township, Lehigh County. Bilt-Rite Contractors, the general contractor, was then selected as the low bidder at \$16,238,900. Once construction commenced, Bilt-Rite discovered that the planned work, which included an aluminum curtain wall, sloped glazing and metal support systems could not be constructed using normal and reasonable construction methods. Instead, the general contractor had to employ special construction means, methods, and design tables.

Bilt-Rite was forced to sue TAS for economic damages as a result of misrepresentation in the plans. Even though there was no direct contractual relationship between the architectural firm which worked for the school district, and the construction contractor, the Court found for Bilt-Rite. In its finding, the Court stated "TAS provided plans and specifications for the school district with full knowledge that those plans and specifications would be included in a bid package supplied to prospective bidders, and relied upon by those bidders. Bilt-Rite received the plans from the school district and, according to its complaint, relied upon them in calculating its bid."

This ruling means that HUD must be vigilant in assuring that HUD requirements, including professional liability insurance, are satisfied before approving a project or going to closing. Where HUD documents require a listing of the plans and specs to which a project is to be built, great care must be taken in specifying precisely what dated version HUD has approved and upon which the construction is to be undertaken.

Federal Register Program Updates/Revisions

Three Federal Register program updates and revisions were published in January 2005. They are as follows:

* Revisions to the Hospital Insurance Program – A proposed rule that updates and incorporates some earlier provisions that are currently not published as part of FHA regulations (Vol. 70, No. 6, Jan. 10, 2005).

*Section 8 Housing Assistance Payments Program— Contract Rent Annual Adjustment Factors, Fiscal Year 2005— The notice announces revised Annual Adjustment Factors (AAFs) for adjustment of Section 8 contract rents for units assisted in certain Section 8 housing assistance payments programs during the original (i.e., pre-renewal) term of the HAP contract (Vol. 70, No. 10, Jan. 14, 2005).

* Annual Indexing of Basic Statutory Mortgage Limits for Multifamily Housing Programs— The Notice adjusts the basic statutory mortgage limits for Sections 207, 220, 221(d)(3), 234, 221(d)(4), and 231 (Vol. 70, No. 13, Jan. 21, 2005).

All of these Federal Registers can be viewed in their entirety by clicking on:

www.hudclips.org/sub_nonhud/cgi/hudclips.cgi#fedreg.

Programs of HUD

Do you want to learn about any or all of HUD's programs and activities?

Programs of HUD, a 133-page book, is available as a free download. Click on the web link below.



www.huduser.org/whatsnew/ProgramsHUD05.pdf

FY 05 Income Limits

The FY 2005 Income Limits have been published. The effective date is Feb. 11, 2005. Please see: www.huduser.org/datasets/il/il05/index.html for more information.

FY 05 Interest Rates for Section 202/811

Notice H 05-01, issued January 7, 2005 established the nominal interest rate for the Section 202 and 811 Capital Advance projects at 5.25%. While Capital Advances are not repaid, as long as the housing remains available for low-income elderly persons or for low-income persons with disabilities for a period of 40 years, an interest rate will apply if there is a default as the principal with interest becomes due and payable at that time. See: www.hudclips.org.

NASEO Energy Outlook Conference

Assistant Secretary of Policy Development and Research (PD & R), Dennis Shea, recently gave a speech at the NASEO (National Association of Energy Officials) Energy Outlook Conference. The following are some of his excerpted remarks:



“HUD’s Energy Action Plan, when fully implemented, could generate significant cost savings for homeowners, renters and (ultimately) the American taxpayer. It was initially created to support the President’s National Energy Policy, which included a strong commitment to energy efficiency.

Most people are not aware that a significant share of HUD’s budget is spent on utilities – an estimated \$4 billion annually. We estimate that even a modest reduction of 5% in HUD’s energy use could save \$200 million a year, or \$2 billion over the next 10 years.

In June 2001, Secretary Jackson testified before the House Committee on Financial Services, committing HUD to make this a priority issue. He subsequently created a Department-Wide Energy Task Force that developed HUD’s first-ever Energy Plan, and is now responsible for implementing it. The plan is posted on HUD’s web site at: www.hud.gov/offices/cpd.

Most of what is involved here is common sense - simply taking the steps to save energy that most of us have taken in our own homes, and that many of you have been promoting for some time. Some Department-wide actions that may be of interest to you are: our partnership with EPA to provide Energy Star information to our grantees and business partners, and providing points in our grant competitions for energy efficiency.

The multifamily component of the Energy Plan focuses on weatherization pilot projects, training for building managers and maintenance staff, and better tracking of energy use. There are many references to Energy Star in the Energy Plan, and there are good reasons for this- it is an important part of the President’s Energy Policy as well as an easily-understood standard for energy efficiency, both for products and in residential construction. We have created a web site that specifically addresses the use of Energy Star in HUD’s programs at: www.energystar.gov.

The Plan also includes steps to promote energy efficiency through the CDBG and HOME programs. We are also exploring the use of Combined Heat and Power in public and assisted housing. PD&R is undertaking relevant policy analysis and research as well as demonstrating energy efficient technologies through the PATH program. There are some excellent projects that point the way. There is a project in San Francisco which is very energy efficient. It was funded with \$1.9 million of HOME dollars, and includes a high-efficiency HVAC system, advanced windows and Energy Star appliances. There is also a PATH demonstration project in Washington DC. It includes standard conservation measures such as added insulation, low-flow showerheads, and high efficiency water heaters, but then goes a step further by including underground geothermal heat pumps.

A great deal of progress has been made over the past few months. Here are a few highlights of some of what’s been accomplished:

*We have signed a Memorandum of Understanding with EPA and DOE to expand Energy Star in all HUD-assisted, financed, and insured buildings.

*We have developed a new, web-based tool- the Energy Efficient Rehab Advisor- that provides HUD guidelines for energy efficient housing rehabilitation. The Advisor is posted on the following website: www.rehabadvisor.net.

*We have also created a web site on how HUD programs can increase the use of Energy Star products, and participate in a bulk purchasing program for these products. The website for this is: www.waptac.org.

*Public Housing has initiated a “benchmarking” process that will allow housing authorities to assess how individual properties are doing in relation to other “baseline” properties.

*Our Annual Performance Plan calls for full implementation of the Energy Action Plan by the end of this fiscal year.

*FHA has improved tracking of Energy Efficient Mortgages, so that we now have a good count of the level of activity in this area.

There are already some excellent examples of partnerships with state energy offices. Through the AMP program, NYSERDA is saving HUD-assisted buildings hundreds of thousands of dollars in operating costs. We are also collaborating with the California Energy Commission and the Missouri Energy Office on pilot projects.

We are also working with several states on other fronts. The State of Maine, for example, has adopted Energy Star as the guideline for affordable housing financed through the CDBG and HOME programs. And we are partnering with the Alabama and Delaware State Energy Offices on upcoming workshops/conferences, in April and June, respectively.

We have designated Regional Energy Coordinators in each of our ten regional offices. They have lots of good ideas and are a significant resource. I encourage you to work with them. Their role will be to coordinate field activities; identify training and information needs; act as a liaison with DOE, EPA, and state agencies; and identify local opportunities for joint action. For further information, please contact your Regional Energy Coordinators or these people here at HUD Headquarters (Editor's Note: William Skwersky- Philadelphia Regional Office, (215) 656-0624, Ext. 3222). They will be happy to answer any questions you may have. I look forward to a creative and productive partnership with the states."

Local Energy Conservation Conferences

The following energy conservation conferences have been scheduled within the Philadelphia Hub to discuss practical ways to save energy at HUD projects

April 26- PennDel AHMA, King of Prussia, PA.

May 15- PAHMA Spring Conference- Warrendale, PA.

June 2- DE residential Energy Summit- Newark, DE.

August (TBA)- HUD Energy Workshop, Pittsburgh, PA.



For details, send an e-mail to: Donna_M._O'Rourke@hud.gov.

Metropolitan Reports

Data from the American Housing Survey, which was sponsored by HUD and conducted by the U.S. Census Bureau, was recently released for six metropolitan areas in the nation.



Among these areas were Northern New Jersey, and Philadelphia. The reports provide a wealth of statistical data on existing housing conditions for 2003. Among the categories are size of units/lots, financial characteristics, height and condition of buildings, household composition, income characteristics, neighborhoods, selected housing costs, fuels, etc.

You can download the reports in PDF format from www.census.gov/prod/www/abs/h170sma.html.

New Alarm Systems



In the January/February 2005 issue of Apartment Finance Today an article appeared, "New Alarm Systems Powered by Internet." In the article, it was stated that traditional phone-line security monitoring systems are becoming obsolete because of the widespread use of cell phones.

Because of this, a new generation of fiber optic alarm systems that use the Internet are now being installed in many new and rehabilitated buildings. These new systems have more features and are cheaper and more versatile than hard-wired systems. They eliminate the cost of extra hard-wired phone lines and allow residents to receive wireless alarm monitoring and receive signal verification via their cell phones. Owners should consider them because they save money and space.

Closings

The following closings occurred during March: *Insured*- Rainbow Center (NJ) and Manor House (WV); and *Section 202/811*- Cape Housing I (NJ), NC Orange Senior Housing (NJ), Inglis Gardens (NJ); Black Diamond (PA), and Penn Hills Group Home (PA).



Increase in High Cost Percentages

Mortgagee Letter 2005-10, Increase in High Cost Percentage for FHA-Insured Multifamily Housing in High Cost Areas, was issued on February 28, 2005 (see www.hudclips.org).



The following high cost percentages, shown as multipliers of the Basic Statutory Mortgage Limits, pertain to areas within the Philadelphia Hub:

Camden, NJ (Trenton)- 240%
Newark, NJ- 240%
Philadelphia, PA- 240%
Pittsburgh, PA- 215%
Charleston, WV- 202%